

PENNSTATE



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NO SIGNS YET OF RECOVERY . . . ALTHOUGH WORST MAY BE BEHIND US

The news on the economic front in Pennsylvania remains worrisome based upon trends through the first quarter of 1991. Signs of the deteriorating economy evident in previous months remained in place during March: a worsening labor force situation, weak job trends across most industries (including service producing), dismal residential construction activity, and downward pressure on factory production. Through the month of February, the Pennsylvania Index of Coincidental Indicators (PICI) of economic activity, designed to mirror current trends, had declined in nine consecutive months (chart).

The silver lining in the most recent batch of data revolves around the Pennsylvania Index of Leading Indicators (PILI). The PILI increased slightly in both February and March and in three of the past four months (chart). It has previously been argued in the *PBS* that the much-discussed mid-year recovery in the national economy (and hence, in Pennsylvania) should perhaps be viewed as a best-case scenario, an argument which still stands. The recent improvement in the PILI *may* be a sign that the worst of this recession will soon be behind us. It is not likely that it is signaling the onset of recovery, but instead, a more stable period. As an aside, in that this recession will not likely prove to be nearly as severe as in the early 1980s, the ensuing recovery is not expected to be nearly as robust as in the 1983-1985 period.

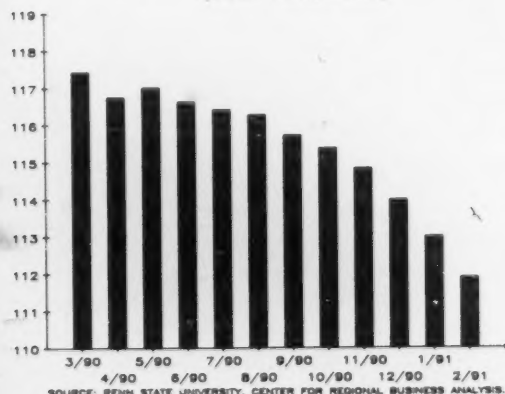
Through the first quarter, inflation (as measured by the percent change in the Consumer Price Index) averaged 6.3 percent in the Philadelphia region and 4.8 per-

cent in the Pittsburgh metro area (table). Inflationary pressures appear to be easing, however, as increases from fourth quarter 1990 were minimal. In both regions, energy prices during the first three months of this year tumbled more than 7 percent from the previous quarter. (Beginning with this issue of the Survey, detailed Consumer Price Index statistics will be presented on a quarterly basis in conjunction with the "Around the State" section.)

Conditions on the construction front remain weak. The number of new residential and nonresidential projects authorized by permit declined again in March. Of the 14 metro area counties for which complete data are available, ten realized declines in residential permit activity during the first quarter compared to a year ago. Typically, March represents the first calendar month of improved employment conditions in the construction sector as the building season approaches. While job levels did increase from February readings this year, the gain was less than expected (based upon past seasonal trends) for only the second time in the past seven years (chart). All told, the 204,000 construction jobs in the Commonwealth during March were off by 8,000 from year-ago readings.

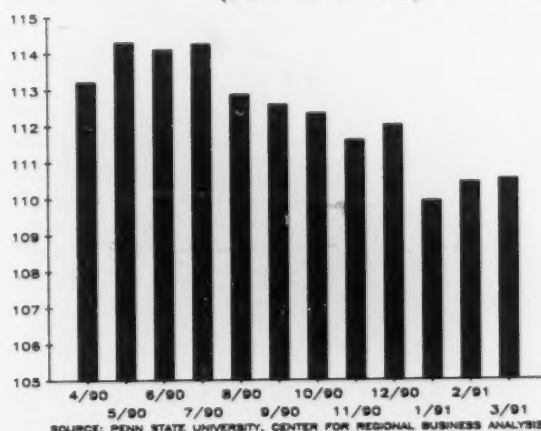
However, consistent with the hypothesis presented above, there are signs that the construction sector's problems may be lessening a bit. Through the first quarter of this year, the value of total construction contracts awarded was off 5 percent from a year ago. During the first quarter of 1990, contract valuations were off 7.1 percent on an annual basis. March's 11.1 percent decline in new residential permits from

PENNSYLVANIA INDEX OF COINCIDENTAL INDICATORS
(Dec. 1978=100)



SOURCE: PENN STATE UNIVERSITY, CENTER FOR REGIONAL BUSINESS ANALYSIS.

PENNSYLVANIA INDEX OF LEADING INDICATORS
(Dec. 1978=100)



SOURCE: PENN STATE UNIVERSITY, CENTER FOR REGIONAL BUSINESS ANALYSIS.

a year ago was the smallest decline in a year. On a seasonally adjusted basis, the value of residential contract awards increased slightly in both February and March, though readings remain below a year ago.

On the other hand, there are few signs that the downward spiral in retail activity is lessening. In fact, February's 10.1 percent decline in retail sales from a year ago was the strongest annual decline on record (data are available back to 1978). So far this year, the weakness remains concentrated on the durable goods side. Sales were off from a year ago in both the Philadelphia and Pittsburgh metro areas. The number of new motor vehicles registered in Pennsylvania also continues to spiral downward.

The manufacturing sector continues to be especially hard-hit by this recession. Job levels continue to plummet

as they remained at an all-time low after seasonal adjustment. Over the course of the past two years, nearly 70,000 factory jobs were lost in the Commonwealth. Factory production continues to hover near its lowest readings since early 1987.

At a seasonally adjusted 7.4 percent, the State's jobless rate in March stood at its highest reading in five years. Employment totals came in at their lowest tally in three years. On a brighter note, April brought with it considerable improvement on the employment/unemployment front. First quarter trends were unimpressive throughout the Commonwealth. Of the State's 67 counties, only Cameron's jobless rate came in below a year ago. Close to one-half (30) of all counties were home to double-digit jobless rates during the first three months of this year. Employment levels were lower than year-ago readings in 62 counties. In the remaining five,

Economic Activity in Pennsylvania	UNADJUSTED DATA			SEASONALLY ADJUSTED DATA			SEASONALLY ADJUSTED INDEXES (1977 = 100)		
	1991		1990	1991		1990	1991		1990
	Feb.	Mar.	Mar.	Feb.	Mar.	Mar.	Feb.	Mar.	Mar.
Pennsylvania Industries									
All nonagricultural industries									
No. of wage and salary jobs (thous.) ¹	5,106	5,126	5,147	5,176	5,165	5,185	113.4	113.1	113.6
Service Producing									
No. of wage and salary jobs (thous.)	3,904*	3,919	3,886	3,939*	3,933	3,901	131.7*	131.5	130.4
Transportation and public utilities	267	268	262	269	269	264	103.0*	102.9	100.7
Wholesale trade	273*	274	276	276*	275	278	124.4*	123.9	125.2
Retail trade	888	893	892	910	910	909	126.8	126.9	126.7
Finance, insurance & real estate	298	298	300	301	301	302	138.4*	138.2	138.8
Service & miscellaneous	1,459*	1,467	1,436	1,475*	1,474	1,444	171.0*	170.9	167.4
Federal government	136*	136	143	137*	135	142	106.9*	105.7	111.1
State & local government	582*	584	578	573*	571	566	98.2*	98.0	97.1
Goods Producing									
No. of wage and salary jobs (thous.)	1,200*	1,207	1,258	1,238*	1,233	1,285	78.6*	78.3	81.6
Construction	198	204	212	226	225	233	123.1*	122.4	126.7
Mining	26	26	27	27	27	28	55.8*	55.4	57.5
Manufacturing	977*	977	1,020	985*	982	1,025	73.4*	73.2	76.3
Durable goods	545*	547	578	551*	550	581	68.1*	67.9	71.8
Nondurable goods	431	430	442	434*	432	444	81.5*	81.2	83.3
Ave. wkly. hrs. worked by prod. workers	40.1*	40.2	40.6	40.4*	40.4	40.8	102.3*	102.3	103.2
Total wkly. person-hours worked (mils.)	26.6*	26.7	28.5	27.1*	27.0	28.8	70.5*	70.4	75.0
Total wkly. payroll (mil. dols.)	298.8*	300.7	311.8	303.1*	304.1	315.3	134.9*	135.3	140.3
Average hourly earnings (dollars)	11.22	11.26	10.95	11.20	11.28	10.98	191.4*	192.9	187.7
Average weekly earnings (dollars)	449.92	452.65	444.57	453.09	454.92	446.87	195.9*	196.7	193.2
Steel production (thous. tons)	648*	726	954	n.a.	n.a.	n.a.	31.4	30.9	40.6
Industrial electric power sales (mil. kwh)	3,497	3,582	3,797	3,586	3,561	3,789	97.1	96.4	102.6
Mining									
Anthracite coal (thous. net tons)	206	220	266	244	228	285	50.0	46.8	58.4
Bituminous coal (thous. net tons)	4,884	5,486	6,877	5,003	4,782	6,204	70.9	67.8	88.0
Construction contracts awarded (mil. dols.)									
Total	577.0	688.9	804.1*	885.8	643.1	721.9*	275.3	199.9	224.4*
Residential building	139.3	248.1	341.5*	220.7	225.2	304.5*	156.8	160.0	216.4*
Nonresidential building	296.4	312.6	304.4*	459.4	322.6	293.2*	423.5	297.4	270.3*
Nonbuilding (utilities and public works)	141.3	128.2	158.2*	205.7	95.3	124.2*	283.9	131.5	171.3*
Employment of Pennsylvania Residents									
Employed, no. of persons (thous.)	5,432	5,359	5,599	5,532	5,416	5,664	115.1	112.7	117.9
Unemployed									
No. of persons (thous.)	443	438	316	397	430	307	99.0	107.2	76.5
Rate (percentage of labor force)	7.5	7.6	5.3	6.7	7.4	5.2			
Rate, seasonally adjusted									
Civilian labor force, no. of persons (thous.)	5,876	5,797	5,915	5,929	5,846	5,971	113.9	112.3	114.7
Initial claims for unemployment benefits	117,972	109,651	88,117	125,441	128,804	100,947	87.6	90.0	70.5
Consumer Prices, all items	Urban Indexes (1982-84 = 100)			Percentage Change					
	1991		1990	Month		Year			
	Feb.	Mar.	Mar.	Age		Age			
U.S. city average	134.8	135.0	128.7	0.1		4.9			
Philadelphia	140.6	141.0	133.6	0.3		5.5			
Pittsburgh	129.3	n.a.	123.48	n.a.		4.8			

¹ Total includes workers on strike. * = figure revised & = figure for February 1990 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

**1991 first quarter Consumer Price Index trends:
Philadelphia¹ and Pittsburgh² areas**

	1991:1Q CPI (1982-84 = 100)	Pct. chg. from previous qtr.	Pct. chg. from year-ago qtr.
Philadelphia (All items)	140.7	1.1	6.3
Food and beverages	135.1	1.7	4.1
Housing	143.7	1.8	6.4
Apparel and upkeep	104.2	1.7	10.3
Transportation	131.4	-1.5	5.0
Medical care	177.7	2.5	10.5
Entertainment	133.8	-0.2	0.8
Other goods and services	183.2	2.5	12.2
Special indexes:			
Energy	106.9	-7.4	6.0
Services	160.3	2.1	6.7
Pittsburgh (All items)	129.3	0.0	4.8
Food and beverages	128.7	2.7	4.7
Housing	128.8	1.2	6.2
Apparel and upkeep	125.9	-1.1	1.3
Transportation	113.0	-4.8	3.4
Medical care	168.9	1.8	9.4
Entertainment	139.5	-0.3	2.0
Other goods and services	151.2	-2.2	2.8
Special indexes:			
Energy	111.8	-7.3	10.3
Services	136.9	1.0	5.5

Source: U.S. Dept. of Labor; PSU, Ctr. for Reg. Bus. Analysis.

1 Includes counties in PA, DE, NJ, and MD.

2 Includes Allegheny, Fayette, Washington, Westmoreland, and Beaver Counties.

**PA metropolitan county bldg. permit authorizations
(percent change from year ago; only those counties
shown are asked to report all permitted activity)**

	1991: 1Q	Pct. chg.
Residential units		
Allentown-Beth. MSA	309	-28.1
Carbon	18	-35.7
Lehigh	117	-39.1
Northampton	174	-17.1
Beaver County MSA	54	-52.6
Philadelphia MSA	1,852	-14.1
Bucks	605	14.2
Chester	591	28.5
Delaware	139	-49.1
Montgomery	344	-59.5
Philadelphia	173	284.4
Pittsburgh MSA	625	-31.6
Allegheny	349	-33.1
Fayette	47	2.2
Washington	79	-42.3
Westmoreland	150	-28.2
Adams County	79	-52.7
Nonres. buildings		
Allentown-Beth. MSA	203	-35.6
Carbon	25	-34.2
Lehigh	82	-43.8
Northampton	96	-26.7
Beaver County MSA	49	19.5
Philadelphia MSA	587	-27.4
Bucks	164	-39.5
Chester	136	-29.5
Delaware	71	-13.4
Montgomery	192	-15.8
Philadelphia	24	-29.4
Pittsburgh MSA	296	-23.1
Allegheny	156	-9.8
Fayette	21	-46.2
Washington	48	-40.0
Westmoreland	71	-23.7
Adams County	41	-12.8

Source: U.S. Dept. of Commerce, Bureau of the Census;
PSU, Ctr. for Reg. Bus. Analysis.

**New Pennsylvania building permit authorizations
(percent change from year ago)**

	Mar.	Pct. chg.	Year- to-date	Pct. chg.
Residential	3,264	-11.1	6,794	-21.4
Nonresidential	1,442	-20.9	2,885	-12.3

Source: U.S. Dept. of Commerce, Bureau of the Census.

**Pennsylvania retail sales
(millions of dollars; pct. chg. from year ago)**

	February	Pct. chg.	Year- to-date	Pct. chg.
Total	5,453	-10.1	11,068	-8.6
Durables	1,678	-24.2	3,328	-22.9
Bldg. mat.	147	-27.9	298	-28.4
Auto dlr.	1,002	-19.5	1,945	-22.2
Furniture	229	-25.9	483	-24.1
Other	300	-34.1	602	-21.4
Nondurables	3,775	-2.0	7,740	-0.6
Gen. mdse.	492	-5.9	952	-4.9
Food/grocery	1,288	0.1	2,667	2.4
Gas	368	-1.1	781	2.0
Apparel	262	1.6	523	-3.7
Eat/drink	615	-12.4	1,211	-14.1
Drugs	273	10.5	563	8.7
Other	477	3.2	1,043	9.9

Seas. adj. total: February 6,423
January 6,573

Source: Tot./Dur./Nondur.-U.S. Dept. of Commerce, Bur. of the Census.
Seas. adj. total-PSU, Ctr. for Reg. Bus. Analysis.

Data in the sub-categories of the durable and nondurable groups are subject to relatively large sampling variability.

**Philadelphia and Pittsburgh metropolitan area retail sales
(millions of dollars; pct. chg. from year ago; data through Feb.)**

	Philadelphia		Pittsburgh	
	Year- to-date	Pct. chg.	Year- to-date	Pct. chg.
Total	4,812	-8.9	1,942	-4.9
Durables	1,593	-17.5	552	-15.3
Bldg. mat.	134	-25.6	56	-17.6
Auto dlr.	961	-9.4	276	-16.4
Furniture	262	-9.7	80	8.1
Other	236	-41.1	140	-22.2
Nondurables	3,219	-3.9	1,390	0.1
Gen. mdse.	392	-3.0	202	-3.8
Food/grocery	1,160	1.7	376	-1.1
Gas	278	1.8	166	4.4
Apparel	258	-10.1	115	4.5
Eat/drink	469	-17.3	235	-17.3
Drugs	259	6.6	157	7.5
Other	403	-6.9	139	39.0

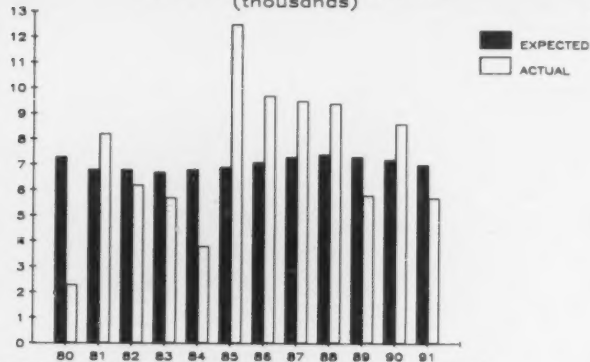
Source: U.S. Dept. of Commerce, Bur. of the Census.
Data in the sub-categories of the durable and nondurable groups are subject to relatively large sampling variability.

**New Pennsylvania motor vehicle registrations
(percent change from year ago)**

	Total registrations	Pct. change
February	36,465	-26.5
1991 YTD	77,338	-23.0
12-month total	589,378	-11.1

Source: R.L. Polk & Co.

MARCH EXPECTED AND ACTUAL
CONSTRUCTION JOB GROWTH
(thousands)



SOURCE: PA DEPT. OF LABOR AND INDUSTRY; PSU, CTR. FOR REG. BUS. ANALYSIS.

**Nonfarm job growth trends by metro area
(average annual percent change; rank in parenthesis)**

	1980-1983	1983-1989	1990:IQ-1991:IQ
Southwest			
Altoona	-3.3 (12)	2.3 (8)	0.6 (6)
Johnstown	-5.0 (13)	1.8 (12)	1.4 (2)
Beaver	-9.9 (15)	-1.8 (15)	0.0 (10)
Pittsburgh	-2.8 (11)	1.3 (14)	1.1 (5)
State College	1.9 (1)	4.0 (1)	0.3 (8)
Northwest			
Erie	-2.7 (10)	2.0 (11)	2.0 (1)
Sharon	-5.4 (14)	1.7 (13)	1.4 (3)
Northeast			
Allentown-Bethlehem	-2.0 (8)	2.2 (9)	1.2 (4)
Scranton-Wilkes-Barre	-0.8 (6)	2.5 (5)	-0.1 (12)
Williamsport	-2.3 (9)	3.0 (5)	-0.4 (13)
Southeast			
Harrisburg-Lebanon-Carlisle	-0.4 (4)	3.1 (4)	0.4 (7)
Lancaster	-0.2 (3)	3.8 (2)	-0.9 (14)
Philadelphia	-0.1 (2)	2.4 (7)	-0.1 (11)
Reading	-0.7 (5)	2.2 (10)	-1.4 (15)
York	-1.5 (7)	3.2 (3)	0.2 (9)

Source: PA Dept. of Labor and Industry; PSU, Ctr. for Reg. Bus. Analysis.

they were unchanged.

Job trends are weak across practically all industries. Only the services industry showed any noticeable gain from a year ago. Total nonfarm jobs, at 5,126,000 in March, were off by more than 20,000 from a year ago.

Throughout the 1980s, those metro areas with the strongest job gains were found in the eastern half of the State, especially in the southeast (the State College area was an exception). That was the case during the recessionary 1980-1983 period and the 1983-1989 recovery (table). Recent trends suggest that other regions of the Commonwealth are holding up relatively well during this recession. Of the six metro areas with the strongest job gains between the first quarters of 1990 and 1991, five were in the southwest or northwest quadrants of the State. During the 1980s, including both the recessionary period and the recovery, five of the top six areas (in terms of nonagricultural job growth) were in the southeast and northeast quadrants. Only time will tell if recent trends represent a reversal in the geographic distribution of economic growth in Pennsylvania. However, one reason for the east's apparent difficulties during the current recession is surely the fact that economic growth throughout much of the region was so robust prior to this slump. Simply put, these areas had more room to fall relative to the west which realized much slower job growth throughout the 1980s.

— William D. Anderson

**1991:IQ county employment
(pct. and pct. pt. changes are from year-ago quarter)**

	Empl.	Ann. pct. chg.	Unemp. rate (pct.)	Ann. pct. pt. chg.*
Adams	37.0	-2.4	6.7	1.7
Allegheny	615.1	-1.6	5.6	0.9
Armstrong	25.5	-2.7	11.5	2.0
Beaver	53.2	-3.1	10.8	1.8
Bedford	19.3	-3.5	13.0	2.9
Berks	159.9	-4.2	7.6	2.1
Blair	55.1	-2.3	10.1	2.2
Bradford	29.1	-4.0	7.4	1.0
Bucks	278.4	-2.7	7.0	2.5
Butler	69.8	-1.8	7.7	1.5
Cambria	58.1	-1.4	10.4	1.9
Cameron	2.5	0.0	9.5	-0.5
Carbon	23.2	-1.3	10.8	1.4
Centre	61.9	-2.2	6.5	0.8
Chester	188.1	-2.6	4.8	1.6
Clarion	15.3	-5.0	12.6	1.6
Clearfield	30.5	-1.6	12.9	1.1
Clinton	13.3	-5.7	15.1	4.2
Columbia	28.7	-2.7	10.1	1.4
Crawford	35.0	-5.1	10.4	2.1
Cumberland	103.2	-2.4	5.0	1.4
Dauphin	125.7	-2.5	5.6	0.8
Delaware	271.6	-2.7	5.2	1.3
Elk	15.6	-1.9	9.4	2.4
Erie	124.4	-0.6	7.4	0.8
Fayette	53.1	-1.7	10.8	0.9
Forest	1.7	0.0	14.6	3.1
Franklin	54.8	-4.5	7.3	2.4
Fulton	5.7	-3.4	13.3	4.7
Greene	11.7	0.0	11.9	1.5
Huntingdon	16.7	-2.3	14.2	2.2
Indiana	31.1	-3.1	11.7	1.6
Jefferson	17.8	-1.7	10.9	1.5
Juniata	8.9	0.0	13.3	0.0
Lackawanna	99.4	-2.8	8.2	1.0
Lancaster	208.7	-3.7	6.0	1.7
Lawrence	43.6	-2.7	8.0	1.3
Lebanon	59.7	-2.5	6.8	1.5
Lehigh	139.3	-1.4	6.7	1.1
Luzerne	144.5	-2.8	9.1	1.3
Lycoming	53.9	-3.4	9.5	1.5
McKean	18.8	-5.5	8.4	0.4
Mercer	47.7	-1.2	7.7	1.9
Mifflin	19.4	-0.5	11.6	1.8
Monroe	44.9	-2.8	10.4	3.3
Montgomery	363.5	-2.7	5.2	1.3
Montour	7.3	-2.7	7.2	1.3
Northampton	109.1	-1.4	7.7	1.8
Northumberland	42.8	-2.7	11.0	1.4
Perry	19.3	-2.5	9.0	2.3
Philadelphia	668.0	-2.6	7.7	1.9
Pike	11.4	-1.7	10.2	3.3
Potter	7.2	0.0	10.2	1.1
Schuylkill	64.3	-5.3	10.9	2.5
Snyder	17.1	-2.3	10.7	2.6
Somerset	29.5	-1.3	11.2	1.6
Sullivan	3.0	-3.2	8.4	1.8
Susquehanna	15.7	-5.4	11.0	1.5
Tioga	17.0	-2.9	10.2	1.7
Union	15.3	-3.2	8.5	2.8
Venango	22.8	-4.6	8.3	1.5
Warren	20.3	-2.9	7.1	0.7
Washington	86.1	-1.5	7.9	1.5
Wayne	17.6	-1.1	12.3	3.1
Westmoreland	161.5	-1.6	8.0	0.9
Wyoming	12.1	-3.2	9.6	1.2
York	170.5	-2.5	6.6	1.4

Source: PA Dept. of Labor and Industry; PSU, Ctr. for Reg. Bus. Analysis.

*Current rate minus year-ago rate.

Around the State

Northeastern Quarter

Allentown-Bethlehem

The national recession shaped the economy's performance in the Allentown-Bethlehem metropolitan area during the first three months of this year. Weakness was widespread as no sector appears to be unscathed by the current slump. Little improvement is expected in the near-term. Even if expectations of a mid-year recovery in the national economy actually transpire, the uptick is not expected to be all that pronounced, implying subdued growth for the U.S., State, and local economies.

As was typically the case during previous recessions, the factory sector has been hit especially hard. Of the 16 manufacturing industries for which data were available, nine realized a job decline between the first quarters of 1990 and 1991, five increased payrolls, and two held job totals steady. All told, factory job totals shrunk by an additional 100 during the period. Furthermore, electricity sales to industry, a barometer of production activity, remained on a downward trend in place since the first months of 1989.

Elsewhere in the goods producing sector, construction trends continued pointing to weakness. The value of both residential and nonresidential awards were down in the first quarter from a year ago (down by 16 and 75 percent, respectively). The number of new projects authorized by permit in the Pennsylvania portion of the region were off by more than one-fourth on the residential side and by one-third for the nonresidential category. Each of the three Commonwealth counties displayed weakness in permit activity.

The situation is somewhat better in the service producing industries, but here, growth eased considerably from previous trends. Between 1983 and 1989, jobs in these industries grew at an average annual rate of 4.1 percent. Since then, growth has come in at just 2.1 percent. Nonetheless, this sector continued to maintain record-high job readings. While this sector has felt the impact of the current recession, those that argued that the downturn would be heavily concentrated in these industries were off-base.

Conditions on the employment/unemployment front provide the last piece of available evidence in support of the "sluggish" scenario being painted in this review. Between the first quarters of 1990 and 1991, employment in the metro area fell by 4,000. Coupled with a rise in the labor force of 1,000, this translated into a jump in joblessness totaling 5,000. At a seasonally adjusted 6.8 percent, first quarter's jobless rate was at its highest level since the July-September period of 1986.

Scranton-Wilkes-Barre

Job growth in the five-county Scranton-Wilkes-Barre metropolitan region eased considerably in recent months in response to the recession in place nationwide. After averaging 2.5 percent per year during the 1983-1989 recovery, nonagricultural jobs actually declined at a 0.1 percent annual rate in the first quarter. Of the State's 15 metro areas, only three turned in slower job gains during the year which ended in the first

Allentown-Bethlehem Area¹

	Ave. mo. value 1 Q. '91	Average monthly index seas. adj. (1977 = 100) 1 Q. '91 4 Q. '90 1 Q. '90		
Employment (in thousands)				
Employed, no. of residents	309.9	114	116	116
Unemployed, no. of residents	24.8	114	99	90
Rate, seasonally adjusted	6.8			
Civilian labor force, no. of residents	334.7	114	114	114
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	286.5	113	113	112
Srv. Prod. only, no. of jobs	200.7	146	145	143
Goods Prod. only, no. of jobs	85.8	75	75	75
Hrs. worked by production workers in mfg., ave. weekly	39.1	103	104	104
Industrial electric power sales				
Metropolitan area	***	97	101	103
Allentown	***	86	91	95
Bethlehem	***	104	107	107
Easton	***	109	111	111
Construction contracts awarded (in millions of dollars)		'91 Ytd (Jan.-Mar.)	Pct Change From Year-Ago Ytd	
Residential contracts only	41.6		- 16	
Nonresidential contracts only	26.8		- 75	

¹Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

quarter. During the recessions of the early 1980s and the subsequent recovery, job growth in the region was the sixth highest in the Commonwealth.

Two industries accounted for a sizable share of job gains in recent years: services and retail trade. The two of them were home to 36,000 of the 44,300 new nonfarm jobs generated between 1983 and 1990. This represents an average annual gain of more than 5,100 jobs per year. In this year's first quarter, job totals in these two industries were up just 2,600 from a year ago. Still, after seasonal adjustment, the 225,000 service producing jobs in the metro area represented another record tally.

Scranton-Wilkes-Barre Area¹

	Ave. mo. value 1 Q. '91	Average monthly index seas. adj. (1977 = 100) 1 Q. '91 4 Q. '90 1 Q. '90		
Employment (in thousands)				
Employed, no. of residents	329.7	118	119	122
Unemployed, no. of residents	33.1	96	88	80
Rate, seasonally adjusted	8.5			
Civilian labor force, no. of residents	362.8	116	116	117
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	304.4	118	118	118
Srv. Prod. only, no. of jobs	225.0	139	139	138
Goods Prod. only, no. of jobs	79.4	84	84	87
Hrs. worked by production workers in mfg., ave. weekly	38.7	n.a.	n.a.	n.a.
Industrial electric power sales				
Metropolitan area ⁴	***	117	121	119
Lackawanna County ²	***	129	134	133
Luzerne County ³	***	108	115	108
Hazleton	***	98	103	97
Wilkes-Barre	***	116	124	118
Construction contracts awarded				
(in millions of dollars)	'91 Ytd (Jan.-Mar.)	Pct Change From Year-Ago Ytd		
Residential contracts only	39.3	- 27		
Nonresidential contracts only	73.8	+ 27		

¹Columbia, Lackawanna, Luzerne, Monroe, and Wyoming Counties

²Includes Scranton

³Includes Wilkes-Barre and Hazleton

⁴Excludes Wyoming County

Total goods producing jobs were off by 3,100 during the first three months of the year compared to the same period in 1990 in shrinking to another record low. Construction jobs slipped by 600 in settling at 11,100. The value of nonresidential construction contract awards was up by about one-fourth during the first quarter from a year ago while residential contracts were valued one-fourth lower.

First quarter's 329,700 residents officially listed as employed represented the lowest reading for the period since 1988. The number of residents counted among the unemployed, at 33,100, was the highest in six years. At a seasonally adjusted 8.5 percent, the average unemployment rate during the three-month period was substantially higher than the State's 6.8 percent reading.

Weakness on the employment/unemployment front was apparent in each of the five counties in the region. Relative to the first quarter of 1990, employment was off anywhere from 2.7 to 3.2 percent. In Monroe County, the jobless rate was up a full 3.3 percentage points from a year ago. In the other four counties, increases ranged from 1 to 1.4 points.

Williamsport

There is no doubt that the national recession is having an impact on the Lycoming County economy. Nowhere is this more apparent than in first quarter labor force developments. At 53,900, the number of residents listed among the employed was off 3.4 percent from a year ago. This decline was a bit stronger than the State's 2.5 percent drop and represented the fifth consecutive quarter in which employment came in below year-ago readings. In settling at a seasonally adjusted 8.4 percent, first quarter's jobless rate was the highest quarterly tally in more than five years.

Job trends were stagnant across most, if not all, industry groups. Goods producing jobs were off by 400 from a year ago. Durable goods manufacturers were home to 400 fewer jobs while the nondurables industries maintained 200 fewer positions. Residential construction activity apparently remained in a slump as contract valuations were off from a year ago. Nonresidential contract values surged. However, it is best to be cautious in interpreting the jump in valuations

Williamsport Area¹

	Ave. mo. value 1 Q.'91	Average monthly index seas. adj. (1977 = 100) 1 Q.'91 4 Q.'90 1 Q.'90	
Employment (in thousands)			
Employed, no. of residents	53.9	117	118
Unemployed, no. of residents	5.7	109	106
Rate, seasonally adjusted	8.4		92
Civilian labor force, no. of residents	59.6	117	117
Local Industries (in thousands)			
All nonagricultural ind., no. of			
wage and salary jobs	50.8	112	112
Srv. Prod. only, no. of jobs	33.2	125	124
Goods Prod. only, no. of jobs	17.6	95	94
Hrs. worked by production workers			
in mfg., ave. weekly	40.2	104	103
Industrial electric power sales	***	121	130
Construction contracts awarded (in millions of dollars)			
	'91 Ytd (Jan.-Mar.)	Pct Change From Year-Ago Ytd	
Residential contracts only	3.2	-13	
Nonresidential contracts only	2.5	+733	

¹Lycoming County

as they were likely skewed by one-time-only developments. Building-related jobs were up by about 200 in the year just concluded in the first quarter.

Job conditions were not especially encouraging on the service producing side of the ledger. Compared to a year ago, jobs were up by 200. However, the trend since 1989 has been sideways after six years of uninterrupted growth. Between the first quarters of 1990 and 1991, the only industry showing any job growth was government, with 300 additional workers on payroll. (These trends may have been swayed by a slight refinement in industry classifications.) All private sector industries either held jobs steady or reduced employment (including services, with 100 fewer jobs this year compared to 1990).

Southwestern Quarter

Altoona

Nonfarm job trends suggest that the Blair County economy turned in a relatively fair performance during this year's first quarter, although it was obvious that the recession dampened growth considerably. At 0.6 percent, job growth from the previous year was the sixth highest among the State's 15 metro areas. This was down considerably from the 2.3 percent gain averaged over the 1983-1989 recovery. The region's service producing establishments accounted for all of the gain as 900 positions were added to payrolls. After adjustment for normal seasonal ups and downs, first quarter's service-related job reading equaled the previous three months' record. Between 1983 and 1990, service producing job growth averaged 2.9 percent. First quarter's growth was off slightly, at a 2.3 percent annual gain.

Goods producing jobs continued to track downward as they have since 1988. The 12,600 positions in these establishments were off by 500 on an annual basis. On the plus side, the area's largest factory employer, printing and publishing, held job levels steady over the course of a year while the second largest manufacturing employer, textile and apparel products, actually increased job totals by 100. Unlike the situation in much of the rest of the Commonwealth, residential construction contract awards were actually up in the first quarter from a year ago (by 27 percent). On the nonresidential side, valuations plunged by three-fourths.

At 10.1 percent, Blair County's jobless rate during the first three months of the year was up 2.2 percentage points from a year ago. In addition, it was the highest reading for the period in five years. In absolute terms, unemployment was up by 1,400 residents from the previous year. At 55,100, resident employment was off by 1,300 from a year ago. This was the first year-over-year drop since the final quarter of 1988 and only the third since 1983.

Johnstown

The Johnstown metro area economy continued to feel the effects of the nationwide slowdown during the first three months of the year. Signs of the slowdown were evident across the board. Recent conditions are perhaps best described as encompassing a gradual decline in economic growth and activity as opposed to the steep drop associated with the recessions of the early 1980s.

Altoona Area¹

	Ave. mo. value 1 Q '91	Average monthly index seas. adj. (1977 = 100) 1 Q '91 4 Q '90 1 Q '90		
Employment (in thousands)				
Employed, no. of residents	55.1	108	110	111
Unemployed, no. of residents	6.2	141	128	108
Rate, seasonally adjusted	9.0			
Civilian labor force, no. of residents	61.3	110	111	111
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	53.4	107	107	106
Srv. Prod. only, no. of jobs	40.8	116	116	113
Goods Prod. only, no. of jobs	12.6	86	86	89
Hrs. worked by production workers in mfg., ave. weekly	39.1	103	102	102
	***	72	78	79
Industrial electric power sales				
Construction contracts awarded (in millions of dollars)				
	'91 Ytd (Jan.-Mar.)	Pct Change From Year-Ago Ytd		
Residential contracts only	4.3	+27		
Nonresidential contracts only	1.5	-77		

¹Blair County

For instance, first quarter's (two quarters into the current recession, assuming it began during the third quarter of 1990) jobless rate, at a seasonally adjusted 9.5 percent, fell well short of the 15.2 percent reading in the first quarter of 1982, approximately six months into the previous official downturn. It also fell well short of the 13.7 percent reading from the third quarter of 1980, approximately six months following the beginning of a recession in January of that year. Nonetheless, it was up nearly two full percentage points from a year ago. Also during the first quarter, the number of residents in the bi-county region listed among the employed declined by 1,200 from a year ago.

During the 1983-1989 recovery period, nonfarm job growth in the region averaged 1.8 percent on an annual basis. During the first three months of 1991, job levels were up 1.4 percent from a year ago. Despite the drop in growth, the gain was still the second highest among the State's 15 metropolitan areas. The region's service producers accounted for all of the gain in adding 1,100 positions from a year ago. However, jobs in these industries have held essentially steady over approximately the past half-year after seasonal adjustment.

Johnstown Area¹

	Ave. mo. value 1 Q '91	Average monthly index seas. adj. (1977 = 100) 1 Q '91 4 Q '90 1 Q '90		
Employment (in thousands)				
Employed, no. of residents	87.6	93	94	94
Unemployed, no. of residents	10.4	87	76	70
Rate, seasonally adjusted	9.5			
Civilian labor force, no. of residents	98.0	92	92	92
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	82.3	95	96	94
Srv. Prod. only, no. of jobs	62.8	116	117	114
Goods Prod. only, no. of jobs	19.5	61	62	61
Hrs. worked by production workers in mfg., ave. weekly	38.5	99	99	98
	***	141	165	151
Industrial electric power sales				
Construction contracts awarded (in millions of dollars)				
	'91 Ytd (Jan.-Mar.)	Pct Change From Year-Ago Ytd		
Residential contracts only	5.9	+14		
Nonresidential contracts only	8.0	-28		

¹Cambria and Somerset Counties

Goods producing jobs held steady in the first quarter compared to 1990. Jobs in these industries reached a peak (following the early 1980s recessions) in September of last year after seasonal adjustment. Since then, roughly 900 jobs were lost. Construction trends were mixed in the first quarter. Job readings were up by 100 on an annual basis. Residential construction contract values were up 14 percent over the same period while nonresidential valuations were off by more than one-fourth.

Pittsburgh-Beaver Valley

First quarter economic trends in the Pittsburgh-Beaver Valley metropolitan area were heavily influenced by the national recession. Retail sales were off, construction activity was sluggish, and the job and unemployment situations deteriorated. Little improvement is expected in the months ahead. Even when the economy does show renewed signs of life, the rebound will likely be far from spectacular.

While still moving ahead, growth in the region's service producing sector has slowed considerably. Between 1983 and 1990, job gains in these industries averaged 16,700 in the Pittsburgh portion of the region and 500 in Beaver County. During this year's first quarter, growth from a year ago came in at 12,100 jobs in the former and 200 jobs in the latter. Still, in both the Pittsburgh and Beaver County portions of the region, service producing jobs came in at a record high during the first three months of the year. Retail activity through the first two months of the year was sluggish. All told, sales were off 4.9 percent from the same period in 1990 with a large decline of 15 percent on the durable goods side swamping a slight gain in the nondurable goods category.

Construction trends continued to point down in the first quarter, especially on the residential side. In the four-county Pittsburgh region, new housing units authorized by permit in the first quarter were down nearly one-third from a year ago while they were off by more than one-half in Beaver County. In addition, the value of residential construction contracts awarded was down by one-fifth in both portions of the region. While nonresidential activity was also sluggish in the Pittsburgh area, some improvement was noted in Beaver County (where valuations surged from a near-zero reading a year ago). In the goods producing sector as a whole, job trends remained flat to moderately down. Historically, construction and manufacturing have tended to be the hardest hit by economic downturns.

While not especially impressive, trends in total nonfarm jobs held up relatively well in the Pittsburgh metro area. At 1.1 percent, first quarter job growth from a year ago was the fifth strongest among the State's 15 metro areas. This came after double-digit rankings throughout the 1980s. In Beaver County, job levels in the first quarter were unchanged from a year ago.

Signs of the national recession were especially evident in employment/unemployment developments. The seasonally adjusted jobless rate was at its highest level in three years in Pittsburgh and in four years in Beaver County. The number of residents counted among the employed in the four-county Pittsburgh area was down by nearly 15,000 from a year ago, the first year-over-year decline since mid-1987. In Beaver County, employment was off by 1,700. Employment in the

Pittsburgh¹-Beaver Valley² Area

	Ave. mo. value 1 Q '91	Average monthly index seas. adj. (1977 = 100) 1 Q '91 4 Q '90 1 Q '90		
Employment (in thousands)				
Employed, no. of residents				
Pittsburgh ¹	915.9	107	108	109
Beaver County	53.2	64	64	66
Unemployed, no. of residents				
Pittsburgh ¹	64.4	88	80	75
Beaver County	6.5	90	74	74
Unemployment Rate, seas. adj.				
Pittsburgh ¹	5.8			
Beaver County	9.8			
Civilian labor force, no. of residents				
Pittsburgh ¹	980.2	106	106	107
Beaver County	59.6	65	65	66
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs				
Pittsburgh ¹	908.9	106	106	105
Beaver County	49.7	67	67	67
Srv. Prod. only, no. of jobs				
Pittsburgh ¹	749.6	127	127	125
Beaver County	38.6	115	114	114
Goods Prod. only, no. of jobs				
Pittsburgh ¹	159.1	61	61	62
Beaver County	11.1	28	28	28
Hrs. worked by production workers in mfg., ave. weekly				
Pittsburgh ¹	41.0	n.a.	n.a.	n.a.
Beaver County	43.3	n.a.	n.a.	n.a.
Industrial electric power sales	***	59	63	64
Construction contracts awarded (in millions of dollars)				
	'91 Ytd (Jan.-Mar.)	Pct Change From Year-Ago Ytd		
Residential contracts only				
Pittsburgh ¹	80.4		- 20	
Beaver County	4.7		- 22	
Nonresidential contracts only				
Pittsburgh ¹	166.2		- 8	
Beaver County	17.3		**	

¹Allegheny, Fayette, Washington and Westmoreland Counties

²Beaver County

County has been tracking down over much of the past decade.

Within the Pittsburgh portion of the region, joblessness is up and employment is down in each of the four counties. Increases in the jobless rate from the year-ago quarter ranged from 0.9 to 1.5 percentage points. At 10.8 percent, Fayette County was home to the highest reading while Allegheny County, at 5.6 percent, maintained the lowest. Employment declines were similar across all counties, falling about 1.5 percent from the previous year.

State College

The once-thriving Centre County economy limped through the first quarter of 1991. While not hit quite as hard as in the rest of the State, the region was heavily influenced by the negative side effects of the national recession. After increasing nonstop since the mid 1980s, resident employment in the region apparently topped out in 1990 as it has been in a holding pattern the past 15 months. (Not too much should be made of the pronounced first quarter drop in employment. A statistical fluke in January apparently skewed the data.) At 6.5 percent, first quarter's jobless rate was the highest reading for the three-month period in five years. Still, it came in nearly a full percentage point below the State's.

Goods producers in the region are struggling to hold job levels steady. In fact, at 11,000, job levels were down by

a slight 100 from a year ago during the first quarter. After three years of relatively strong gains, job trends in these industries turned flat in mid-1989 and have remained so since. Despite the fact that contract valuations were up, especially on the nonresidential side, building-related jobs were off a bit from year-ago tallies during the first three months of the year.

Even the service producing industries showed that they were not immune from the recession. Job levels in the first quarter were actually down a bit from the previous quarter after seasonal adjustment, though, again, January's statistical blip distorted the results. Year-over-year gains in February and March were down considerably from recent trends. In that the goods producing industries will likely continue to struggle during the current recession, those new jobs generated in upcoming months, if there are any, are likely to come on the service producing side.

Northwestern Quarter

Erie

There is no denying that economic growth has slackened considerably in recent months in Erie County in response to the downturn nationwide. At the same time, the metro area is weathering the current storm much better than during the recessionary early 1980s and a strong case can be put forth suggesting that the region is performing at a clip slightly above the State as a whole. For instance, nonfarm jobs grew at a 2 percent annual rate in the first quarter — unchanged from growth during the recovery period, significantly stronger than during the recessions encompassing the 1980-1983 period, and the strongest gain among the State's 15 metro areas. During the 1980s, Erie County tended to rank among the lower tier of metro areas in terms of job growth.

Service producing jobs continue to set new records on a quarterly basis, though February and March resulted in slight seasonally adjusted declines from the previous month, suggesting that growth will be moderating. Still, compared to a year ago, job levels, at 80,400 in the first quarter, were up by 1,900. Retail trade and services continued to provide

State College Area¹

	Ave. mo. value 1 Q '91	Average monthly index seas. adj. (1977 = 100) 1 Q '91 4 Q '90 1 Q '90		
Employment (in thousands)				
Employed, no. of residents	61.9	149	153	152
Unemployed, no. of residents	4.3	149	138	132
Rate, seasonally adjusted	6.1			
Civilian labor force, no. of residents	66.2	149	152	151
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	60.1	142	144	141
Srv. Prod. only, no. of jobs	49.1	143	145	142
Goods Prod. only, no. of jobs	11.0	137	138	138
Hrs. worked by production workers in mfg., ave. weekly	38.8	n.a.	n.a.	n.a.
Industrial electric power sales	***	138	144	140
Construction contracts awarded (in millions of dollars)				
	'91 Ytd (Jan.-Mar.)	Pct Change From Year-Ago Ytd		
Residential contracts only	10.2		+ 17	
Nonresidential contracts only	10.6		+ 524	

¹Centre County

the bulk of all new jobs as these two industries combined for 1,400 of the new positions.

The situation was also positive on the goods producing side, though, again, month-to-month changes so far this year suggest some softening in the situation is likely. Still, compared to a year ago, goods producing jobs were up by 400. This marked the 15th consecutive quarter in which job tallies came in ahead of the year-ago readings. Residential construction contract valuations were off by more than one-fifth from the previous year while nonresidential valuations doubled. The situation may have weakened on the factory side as electricity sales to industry eased a bit during the first quarter as did the average manufacturing workweek.

Perhaps the worst news was found in labor force developments. For the first time since mid-1987, employment readings were down during the first quarter, by 800 on an annual basis. Combined with a slight gain of 300 in the labor force, this resulted in a rise in joblessness of 1,100 residents. As a result, the region's 6.6 percent jobless rate, seasonally adjusted, was the highest reading since the final three months of 1987.

Sharon

While growth has slowed considerably in recent months, the Mercer County economy has yet to give back a considerable portion of the gains racked up over the course of the previous few years. On a seasonally adjusted basis, resident employment during the first few months of the year came in at its lowest level in six quarters. At 47,700, employment was down by 700 from a year ago. On the unemployment front, the Sharon metro area's 7.7 percent jobless rate in the first quarter was up nearly 2 percentage points from a year ago and was the highest reading for the period since 1987. Statewide, the rate was slightly lower, at 7.4 percent.

The slowdown in the goods producing sector which typically shows up during recessions, is beginning to have an impact in the region. On a seasonally adjusted basis, jobs have been trending down for the past half-year. Compared to a year ago, first quarter job tallies were off by 100. Durable goods industries reduced payrolls by 100 workers over the course of the year ending with the first quarter while nondurable goods

Sharon Area¹

	Ave. mo. value 1 Q.'91	Average monthly index seas. adj. (1977 = 100) 1 Q.'91 4 Q.'90 1 Q.'90		
Employment (in thousands)				
Employed, no. of residents	47.7	101	104	103
Unemployed, no. of residents	4.0	89	71	64
Rate, seasonally adjusted	6.9			
Civilian labor force, no. of residents	51.7	100	101	100
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	43.8	98	100	97
Srv. Prod. only, no. of jobs	31.1	115	116	113
Goods Prod. only, no. of jobs	12.7	73	75	73
Hrs. worked by production workers in mfg., ave. weekly	42.1	n.a.	n.a.	n.a.
Industrial electric power sales	***	109	110	108
Construction contracts awarded				
(in millions of dollars)	'91 Ytd (Jan.-Mar.)	Pct Change From Year-Ago Ytd		
Residential contracts only	2.2	-25		
Nonresidential contracts only	0.7	-91		

¹Mercer County

establishments added 100 positions. Based upon trends in contract awards, construction activity was also down during the first few months of 1991.

Conditions were a bit more impressive on the service producing side. At 2.3 percent, annual job growth in these establishments in the first quarter was actually up a bit from the 1.7 percent average from the 1983-1990 period. However, March's seasonally adjusted total was the lowest monthly tally since August of last year, suggesting that growth may soon ease a bit. Despite the potential for declining economic growth and activity over the near-term, first quarter's 1.4 percent gain in total nonagricultural jobs was the third highest among the Commonwealth's 15 metro areas.

Southeastern Quarter

Harrisburg-Lebanon-Carlisle

Job growth in the service producing sector of the Harrisburg-Lebanon-Carlisle economy showed signs of weakening in recent months. Compared to a year ago, first quarter job totals were up 1.5 percent to another record high. This was less than one-half the rate of expansion averaged over the 1983-1990 period. Although it is hard to argue that these industries are in an outright recession, they have, nonetheless, felt the impacts of the national slowdown in the economy.

During the first three months of the year, retail establishments were home to 50,300 jobs in the region, down 800 from a year ago. The job situation actually began to soften in 1990 after several years of practically nonstop growth. The services industry has been the other major source of new jobs in recent years. While job totals continued to expand in the first quarter, growth has eased. Jobs were up 3.1 percent on an annual basis during the first quarter, down from a 5.2 percent average annual gain over the 1983-1990 period.

While jobs continued to expand, albeit at a reduced rate, on the service producing side, goods producing job levels have been on the downtrend since mid-1988. The first quarter brought with it the loss of an additional 2,500 jobs from a year ago. The 61,000 jobs in these establishments represented the lowest reading for the first three months of the year since

Erie Area¹

	Ave. mo. value 1 Q.'91	Average monthly index seas. adj. (1977 = 100) 1 Q.'91 4 Q.'90 1 Q.'90		
Employment (in thousands)				
Employed, no. of residents	124.4	113	115	114
Unemployed, no. of residents	9.9	97	87	85
Rate, seasonally adjusted	6.6			
Civilian labor force, no. of residents	134.3	112	112	112
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	119.8	110	110	108
Srv. Prod. only, no. of jobs	80.4	127	126	124
Goods Prod. only, no. of jobs	39.4	87	88	87
Hrs. worked by production workers in mfg., ave. weekly	42.5	104	105	107
Industrial electric power sales	***	103	112	112
Construction contracts awarded				
(in millions of dollars)	'91 Ytd (Jan.-Mar.)	Pct Change From Year-Ago Ytd		
Residential contracts only	8.5	- 21		
Nonresidential contracts only	20.0	+ 100		

¹Erie County

1986. Not surprisingly, the factory sector was especially hard hit as job readings were off 2,200 from a year ago. Construction activity appeared weak during the first quarter of 1991 as job totals were off from a year ago, as were contract valuations on both the residential and nonresidential sides.

First quarter resident employment was off 2.5 percent on an annual basis, marking the third consecutive quarter in which readings came in below a year ago. This was the sharpest year-over-year decline since the same period in 1982. As a result, the seasonally adjusted jobless rate, at 5.4 percent, jumped to its highest level in nearly five years. Still, it was well below the State's 6.8 percent tally.

In sum, economic growth has slowed considerably in recent months. There are few signs of strength to be found across a wide range of economic indicators. However, it is best not to shed the situation in an overly pessimistic light. Job levels in several service-type industries remain at record highs while the unemployment rate falls well below readings from the early 1980s. The region has been bruised, but not knocked out, by the current national recession.

Lancaster

Several years of improvement on the employment/unemployment front have apparently come to an end in Lancaster County. The first quarter found resident employment off by 8,100 from a year ago. This was the third consecutive quarter in which a year-over-year decline occurred. In combination with a reduction in the labor force totaling 4,500, this translated into a rise in unemployment of 3,700 residents. The 13,400 individuals listed among the unemployed was the highest first quarter reading since 1983.

Throughout the 1980s, Lancaster County was regarded as one of the strongest regions in the Commonwealth. Indeed, over the 1983-1989 recovery period, nonfarm job growth in the region was the second strongest among the State's 15 metropolitan areas. However, in the first quarter of this year, job totals were actually down 0.9 percent from a year ago. Only one other region (Reading) turned in a weaker performance. All of the decline was accounted for by the goods producing industries where job levels declined by an additional 2,900 to 67,500 in the first quarter. Seasonally adjusted job totals declined to their lowest level since mid-1986.

Harrisburg-Lebanon-Carlisle Area¹

	Ave. mo. value 1 Q '91	Average monthly index seas. adj. (1977 = 100) 1 Q '91 4 Q '90 1 Q '90
Employment (in thousands)		
Employed, no. of residents	307.9	124 126 127
Unemployed, no. of residents	19.1	116 103 90
Rate, seasonally adjusted	5.4	
Civilian labor force, no. of residents	327.1	124 125 125
Local industries (in thousands)		
All nonagricultural ind., no. of		
wage and salary jobs	311.8	128 128 128
Srv. Prod. only, no. of jobs	250.8	140 140 138
Goods Prod. only, no. of jobs	61.0	96 98 100
Hrs. worked by production workers		
in mfg., ave. weekly	38.6	n.a. n.a. n.a.
Industrial electric power sales	***	76 84 75
Construction contracts awarded (in millions of dollars)		
	'91 Ytd (Jan.-Mar.)	Pct Change From Year-Ago Ytd
Residential contracts only	42.1	-23
Nonresidential contracts only	79.4	-10

¹Cumberland, Dauphin, Lebanon, and Perry Counties

The news was not all bad. The region's largest manufacturing employer, printing and publishing, expanded payrolls by 400 workers over the year. However, job totals were off in two other major industries, food products and fabricated metals. Construction was apparently hard hit in the first quarter by the recession. Both residential and nonresidential contract valuations were off from a year ago, as were job readings.

The declines in goods producing jobs were nearly offset by continued gains on the service producing side. At 122,400 in the first quarter, jobs in these establishments came in 1,800 higher than a year ago. Although growth has eased a bit over the course of the past year, jobs remained at a record high during the first three months of 1991.

Philadelphia

The economy of the Philadelphia metropolitan area continued to weaken during the first three months of 1991. At best, some industries struggled to hold their own while others, mostly those involved in goods producing activities, were home to actual declines in activity. Little relief is expected in the months ahead. While there is an occasional hint of recovery in the national economy, the mid-year recovery scenario so widely discussed in recent months was apparently overly-optimistic.

Job gains in the region's service producing industries have dwindled of late. First quarter saw a 1 percent increase from a year ago. Growth has declined in each of the past four quarters. Statewide, job growth came in at a marginally higher 1.1 percent. Between 1983 and 1990, service producing job growth averaged 2.8 percent. One area of strength is health services. Jobs in this industry grew 4.3 percent in the first quarter compared to an average rate of 3.8 percent between 1983 and 1990.

Retail activity in the metro area is slumping. Through the first two months of this year, retail sales were off 8.9 percent from the same period in 1990. Not surprisingly, given the weakness in the construction industries, the building materials sector was especially weak. As a result, retailers reduced payrolls by 900 in the first quarter compared to a year ago.

Lancaster Area¹

	Ave. mo. value 1 Q '91	Average monthly index seas. adj. (1977 = 100) 1 Q '91 4 Q '90 1 Q '90
Employment (in thousands)		
Employed, no. of residents	208.7	135 138 140
Unemployed, no. of residents	13.4	153 124 110
Rate, seasonally adjusted	5.8	
Civilian labor force, no. of residents	222.0	136 137 139
Local industries (in thousands)		
All nonagricultural ind., no. of		
wage and salary jobs	189.3	136 136 137
Srv. Prod. only, no. of jobs	122.4	161 160 158
Goods Prod. only, no. of jobs	67.5	107 108 112
Hrs. worked by production workers		
in mfg., ave. weekly	38.6	98 99 102
Industrial electric power sales	***	137 142 144
Construction contracts awarded (in millions of dollars)		
	'91 Ytd (Jan.-Mar.)	Pct Change From Year-Ago Ytd
Residential contracts only	34.2	-29
Nonresidential contracts only	10.7	-72

¹Lancaster County

Philadelphia Area¹

	Ave. mo. value 1 Q '91	Average monthly index seas. adj. (1977 = 100) 1 Q '91 4 Q '90 1 Q '90		
Employment (in thousands)				
Employed, no. of residents	2,267.5	121	123	124
Unemployed, no. of residents	156.2	85	73	61
Rate, seasonally adjusted	6.1			
Civilian labor force, no. of residents	2,423.7	118	119	119
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	2,195.0	121	121	121
Srv. Prod. only, no. of jobs	1,768.7	135	135	134
Goods Prod. only, no. of jobs	426.1	85	87	89
Hrs. worked by production workers in mfg., ave. weekly	39.9	101	102	102
Industrial electric power sales	***	106	113	111
Construction contracts awarded (in millions of dollars)				
	'91 Ytd (Jan.-Mar.)	Pct Change From Year-Ago Ytd		
Residential contracts only	179.9	-36		
Nonresidential contracts only	365.9	-1		

¹Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

There were numerous indicators of construction's weakness in the first quarter. Job levels were off by 2,800 on an annual basis. The value of contracts award slipped, with a relatively large dropoff on the residential side. New residential projects authorized by permit in the Pennsylvania portion of the region fell by 14.1 percent. However, the decline was concentrated in Delaware and Montgomery Counties. Non-residential permits were off in all five Commonwealth counties.

In the goods producing sector as a whole, seasonally adjusted job readings fell for the 10th consecutive quarter. Compared to a year ago, the 426,100 positions in these establishments represented a decline of 19,400. Durable goods manufacturing jobs were off by 10,600 while the number of non-durables positions fell by 6,000. Sales of electricity to industrial customers have been trending down of late, suggesting that factory production is softening. In addition, slight downward pressure on the average manufacturing workweek suggests that there is little hope for improvement in factory hiring activity.

Given this batch of mostly negative economic news, the deterioration in employment and unemployment conditions evident in the first quarter was not all that surprising. At 6.4 percent, first quarter's unadjusted jobless rate was the highest reading for the period in six years. Contributing to the increase in joblessness was a year-over-year decline in employment totaling 54,700. The 2,267,500 residents officially listed as employed was the lowest first quarter tally since 1987. The deterioration in the overall labor force situation is likely to continue. However, the situation is not expected to approach that which was in place in the early 1980s with jobless rates in the 8 to 9 percent range.

Reading

Economic activity in Berks County slowed to a crawl during the first three months of the year. This conclusion was especially apparent in the quarter's labor force developments. At a seasonally adjusted 7 percent, the jobless rate stood at its highest level since the same period in 1986. Employment fell at an annual rate of 4.2 percent during the period. Only

eight other counties (of the 67 total) in the Commonwealth saw year-over-year declines in excess of this.

Conditions on the construction front were mixed. While jobs were off by a slight 100 from the first three months of 1990, the value of contract awards was unchanged for residential projects and was more than 4.5 times greater (relative to a year ago) on the nonresidential side. In the goods producing sector as a whole, jobs were down by 3,200 from a year ago. The 50,500 positions in these establishments represented the lowest reading for the period on record, with data available from 1972-present. Traditionally, these industries have tended to be the hardest hit by a recession, so further declines are likely.

Conditions were more encouraging on the service producing side. Jobs in these establishments were up by 1,100 from a year ago. This translated into a gain of 1.1 percent, well short of the 3.1 percent average advance during the 1983-1990 period. In addition, seasonally adjusted job readings fell from the previous month in both February and March. Despite the slowdown in growth, these industries continued to maintain record high job totals. Retail activity apparently softened, as it did in the rest of the State, as job levels were down by 200 from the first quarter of 1990.

The recent problems in the region are evident in nonfarm job trends. Between the first quarters of 1990 and 1991, jobs fell at a 1.4 percent annual rate. This represents the sharpest decline among the Commonwealth's 15 metropolitan areas. On a seasonally adjusted basis, nonagricultural job levels were not as low as the first quarter tally since the final three months of 1988.

York

Weakness dominated the economic landscape in Adams and York Counties during the first quarter. One is hard-pressed to find any signs of strength. At best, the worst of this recession, and hence, the region's economic difficulties, may soon be at hand. However, there are no signs of any pronounced recovery anytime in the near-future. The best that can be hoped for is some stability at a sub-par rate of economic growth and activity.

Reading Area¹

	Ave. mo. value 1 Q '91	Average monthly index seas. adj. (1977 = 100) 1 Q '91 4 Q '90 1 Q '90		
Employment (in thousands)				
Employed, no. of residents	159.9	119	121	124
Unemployed, no. of residents	13.2	139	117	100
Rate, seasonally adjusted	7.0			
Civilian labor force, no. of residents	173.1	120	121	123
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	151.0	116	116	118
Srv. Prod. only, no. of jobs	100.5	133	132	132
Goods Prod. only, no. of jobs	50.5	92	94	98
Hrs. worked by production workers in mfg., ave. weekly	40.0	102	103	105
Industrial electric power sales	***	137	142	145
Construction contracts awarded (in millions of dollars)				
	'91 Ytd (Jan.-Mar.)	Pct Change From Year-Ago Ytd		
Residential contracts only	25.8	+ 1		
Nonresidential contracts only	51.0	+ 355		

¹Berks County

Service producing jobs continued on the upswing in the first quarter, though the rate of advance was considerably slower than in previous years, a trend evident throughout much of the Commonwealth. All told, service producing jobs were up by 2,200 from a year ago during the first three months of the year. The services industry, itself, accounted for 1,300 of those jobs. Retail trade accounted for an additional 700 workers.

On the goods producing side, the job situation remained worrisome. Jobs have been trending down since the beginning of 1989. In absolute terms, an additional 2,500 positions were eliminated in these establishments during the first three months of this year relative to 1990. At 65,700, job readings were just barely above those associated with the recessions of the early 1980s. Residential construction activity appeared to be down in the first quarter as contract valuations were off nearly one-half from a year ago. New residential projects authorized by permit in Adams County were off by slightly more than one-half.

At 14,800, the number of residents in the region officially listed among the unemployed in the first quarter represented the highest reading for the period since 1985. The seasonally adjusted jobless rate, at 6.1 percent in the most recent period, has been on the rise for eight consecutive quarters. Still, it remained below the Statewide average of 6.8 percent. Employment declined by an additional 5,400 residents from a year ago. The first three months of the year marked the fifth consecutive quarter during which employment totals came in below the year-ago mark.

— William D. Anderson

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ADDRESS CORRECTION REQUESTED

York Area¹

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)			
	1 Q. '91	1 Q. '91	4 Q. '90	1 Q. '90	
Employment (in thousands)					
Employed, no. of residents	207.5	136	138	139	
Unemployed, no. of residents	14.8	134	118	104	
Rate, seasonally adjusted	6.1				
Civilian labor force, no. of residents	222.2	136	136	137	
Local industries (in thousands)					
All nonagricultural ind., no. of					
wage and salary jobs	181.0	128	129	128	
Srv. Prod. only, no. of jobs	114.7	152	152	149	
Goods Prod. only, no. of jobs	65.7	101	102	105	
Hrs. worked by production workers					
in mfg., ave. weekly	40.6	99	101	102	
Industrial electric power sales	***	103	105	105	
Construction contracts awarded					
(in millions of dollars)	'91 Ytd (Jan.-Mar.)	Pct Change From Year-Ago Ytd			
Residential contracts only	29	- 46			
Nonresidential contracts only	23	+ 233			

¹Adams and York Counties

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